

O 051045Z APR 88
FM AMEMBASSY COLOMBO
TO SECSTATE WASHDC IMMEDIATE 7892
INFO AMEMBASSY NEW DELHI PRIORITY
AMCONSUL MADRAS PRIORITY

UNCLAS COLOMBO 02367

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SUBJECT: INDIAN PAYOFF TO LTTE REVEALED

REF: COLOMBO 1755

¶1. MAJOR SRI LANKAN PAPERS APRIL 5 HAVE HEADLINED A REPORT (FIRST PUBLISHED IN THE APRIL 3 LONDON OBSERVER) WHICH QUOTES BOTH INDIAN HIGH COMMISSIONER J.N. DIXIT AND AN LTTE SPOKESMAN IN MADRAS THAT INDIAN PRIME MINISTER GANDHI AGREED IN LATE JULY TO PAY THE LIBERATION TIGERS OF TAMIL EELAM A MONTHLY STIPEND TO COMPENSATE FOR LOST TAX REVENUES FOLLOWING THE SIGNING OF THE INDO-SRI LANKAN ACCORD. THE MONTHLY PAYMENT, REPORTS SAY, WAS TO HAVE BEEN FIVE MILLION INDIAN RUPEES (OR NEARLY \$400,000). AN INDIAN HICOMM OFFICER HAS CONFIRMED THAT SOME MONEY WAS GIVEN THE TIGERS IN LATE JULY. APPARENTLY ONLY ONE PAYMENT WAS MADE BEFORE THE LTTE RENEGED ON ITS PLEDGE TO PARTICIPATE IN THE INTERIM ADMINISTRATIVE COUNCIL IN LATE SEPTEMBER AND THE DEAL FELL THROUGH.

¶2. AN UNNAMED LTTE SPOKESMAN IN MADRAS IS QUOTED AS SAYING THAT THE PAYMENT WAS PART OF A LARGER SECRET PACKAGE OF GUARANTEES WHICH GANDHI OFFERED LTTE LEADER V. PRABHAKARAN IN JULY TO GET HIM TO AGREE TO THE BILATERAL ACCORD. OTHER PARTS OF THE PACKAGE, ACCORDING TO THIS REPORT, INCLUDED:

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- AN ASSURANCE THAT THE LTTE WOULD FORM A MAJORITY OF THE INTERIM PROVINCIAL COUNCIL FOR THE NORTH AND EAST. (COMMENT: THE LTTE WAS GIVEN SEVEN OF THE TWELVE SEATS IN A DEAL WHICH WAS ANNOUNCED AND FELL THROUGH THE SAME DAY, SEPTEMBER 28, 1987.)
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- ONE BILLION INDIAN RUPEES FOR REHABILITATION OF THE JAFFNA PENINSULA WHICH APPARENTLY WAS TO BE FUNNELED THROUGH AN LTTE-DOMINATED INTERIM ADMINISTRATIVE COUNCIL (COMMENT: THIS APPEARS TO BE IN ADDITION TO THE AID WHICH INDIA PLEDGED PUBLICLY AT THE DECEMBER CONSORTIUM MEETING IN PARIS. AT THAT MEETING, THE GOI OFFERED US \$40 MILLION (ABOUT 520 MILLION INDIAN RUPEES) FOR REHABILITATION WORK IN THE NORTH AND EAST.)
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- HELP, AFTER AN INTERIM ADMINISTRATIVE COUNCIL WAS IN PLACE, IN SETTING UP A TAMIL POLICE FORCE.
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¶3. EMBASSY COMMENT: LEFT UNSAID IS ANY INDICATION WHETHER THE PACKAGE SUGGESTED ABOVE IS STILL ON THE TABLE IN THE GOI-LTTE TALKS WHICH APPARENTLY HAVE BEEN GOING ON FOR SOME TIME. ACCORDING TO JOHN RETTIE, THE LOCAL BBC CORRESPONDENT, TALKS BETWEEN THE TIGERS AND THE GOI BEGAN IN LATE FEBRUARY IN MADRAS. THEY WERE BROKEN OFF RECENTLY, HE SAID, BUT ARE DUE TO BEGIN AGAIN NEXT WEEK. END COMMENT.

SPAIN